

State of Arizona
House of Representatives
Forty-eighth Legislature
First Regular Session
2007

HOUSE BILL 2290

AN ACT

AMENDING SECTION 15-491, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2006, CHAPTER 354, SECTION 13; AMENDING SECTION 15-1021, ARIZONA REVISED STATUTES; RELATING TO SCHOOL BONDS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 15-491, Arizona Revised Statutes, as amended by
3 Laws 2006, chapter 354, section 13, is amended to read:

4 15-491. Elections on school property: exceptions

5 A. The governing board of a school district may, and upon petition of
6 fifteen per cent of the school electors as shown by the poll list at the last
7 preceding annual school election shall, call an election for the following
8 purposes:

9 1. To locate or change the location of school buildings.

10 2. To purchase or sell school sites or buildings or sell school sites
11 pursuant to section 15-342 or to build school buildings, but the
12 authorization by vote of the school district shall not necessarily specify
13 the site to be purchased.

14 3. To decide whether the bonds of the school district shall be issued
15 and sold for the purpose of raising money for purchasing or leasing school
16 lots, for building or renovating school buildings, for improving school
17 grounds, for purchasing pupil transportation vehicles or for liquidating any
18 indebtedness already incurred for such purposes. Except as provided in
19 section 15-1021, subsection H, the proceeds of class B bonds or impact aid
20 revenue bonds shall not be used for soft capital purposes except for pupil
21 transportation vehicles. A school district shall not issue class B bonds
22 until the school district has obligated in contract the entire proceeds of
23 any class A bonds issued by the school district. The total amount of class A
24 and class B bonds issued by a school district shall not exceed the debt
25 limitations prescribed in article IX, sections 8 and 8.1, Constitution of
26 Arizona.

27 4. To lease for five or more years, as lessor or as lessee, school
28 buildings or grounds. Approval by a majority of the school district electors
29 voting authorizes the governing board to negotiate for and enter into a
30 lease. The ballot shall list the school buildings or grounds for which a
31 lease is sought. If the governing board does not enter into a lease of five
32 or more years of the school buildings or grounds listed on the ballot within
33 five years of the date of the election and the board continues to seek such a
34 lease, the governing board shall call a special election to reauthorize the
35 board to negotiate for and to enter into a lease of five or more years.

36 B. No petition shall be required for the holding of the first election
37 to be held in a joint common school district for any of the purposes
38 specified in subsection A of this section. The notice of election required
39 by section 15-492 shall be published in each of the counties which comprise
40 the joint common school district. The certification of election results
41 required by section 15-493 shall be made to the board of supervisors of the
42 jurisdictional county.

43 C. When the election is called to determine whether or not bonds of
44 the school district shall be issued and sold for the purposes enumerated in
45 the call for the election, the question shall be submitted to the vote of the

1 qualified electors of the school district as defined in section 15-401 and
2 subject to the provisions of section 15-402.

3 D. The governing board shall order the election to be held in the
4 manner prescribed in title 35, chapter 3, article 3. If a petition for an
5 election has been filed with the governing board as provided in subsection A
6 of this section, the board shall act upon the petition within sixty days by
7 ordering the election to be held as provided in this subsection. If a school
8 district bond election is scheduled for the same date a school district will
9 hold an override election, the governing body shall deliver a copy of the
10 notice of election and ballot to the county school superintendent who shall
11 include the notice of election and ballot with the information report and
12 ballot prepared for the override election. Mailing of the information
13 required for both the override and bond elections shall constitute compliance
14 with the notice provisions of this section.

15 E. The elections to be held pursuant to this section shall only be
16 held on dates prescribed by section 16-204, except that elections held
17 pursuant to this section to decide whether class B bonds shall be issued, or
18 any other obligation incurred that will require the assessment of secondary
19 property taxes, shall only be held on the first Tuesday after the first
20 Monday of November.

21 F. Subsection A, paragraph 2 of this section does not apply to the
22 sale of school property if the market value of the school property is less
23 than fifty thousand dollars.

24 G. Bond counsel fees, financial advisory fees, printing costs and
25 paying agent and registrar fees for bonds issued pursuant to an election
26 under this section shall be paid from either the amount authorized by the
27 qualified electors of the school district or current operating funds. Bond
28 election expenses shall be paid from current operating funds only.

29 H. For any election conducted to decide whether class B bonds will be
30 issued pursuant to this section:

31 1. Except as provided in paragraph 2 of this subsection, the ballot
32 shall include the following statement:

33 The capital improvements that are proposed to be funded
34 through this bond issuance are to exceed the state standards and
35 are in addition to monies provided by the state.

36 _____ school district is proposing to issue class B
37 general obligation bonds totaling \$_____ to fund capital
38 improvements over and above those funded by the state. Under
39 the students first capital funding system, _____ school
40 district is entitled to state monies for building renewal, new
41 construction and renovation of school buildings in accordance
42 with state law.

43 2. For a school district that is a joint technological education
44 district, the ballot shall include ONE OR BOTH OF the following ~~statement~~
45 STATEMENTS, AS APPLICABLE:

1 _____, a joint technological education district,
2 is proposing to issue class B general obligation bonds totaling
3 \$_____ to fund capital improvements at ~~the main~~ A campus
4 ~~of~~ OWNED, OPERATED AND MAINTAINED BY the joint technological
5 education district. CLASS B GENERAL OBLIGATION BONDS MAY BE
6 ISSUED FOR CAPITAL IMPROVEMENTS TO A CAMPUS OR A FACILITY THAT
7 IS IN A SCHOOL DISTRICT THAT IS PART OF THE JOINT TECHNOLOGICAL
8 EDUCATION DISTRICT AND THAT IS LOCATED ON FEDERAL LAND OR LAND
9 LEASED FROM A TRIBAL GOVERNMENT.

10 _____, A JOINT TECHNOLOGICAL EDUCATION
11 DISTRICT, IS PROPOSING TO ISSUE CLASS B GENERAL OBLIGATION BONDS
12 TOTALING \$_____ TO FUND SOFT CAPITAL ITEMS AT A CAMPUS
13 OWNED OR OPERATED AND MAINTAINED BY THE JOINT TECHNOLOGICAL
14 EDUCATION DISTRICT.

15 3. The ballot shall contain the words "bond approval, yes" and "bond
16 approval, no", and the voter shall signify the voter's desired choice.

17 4. The ballot shall also contain the phrase "the issuance of these
18 bonds will result in an annual levy of property taxes sufficient to pay the
19 debt on the bonds".

20 5. At least eighty-five days before the election, the school district
21 shall submit proposed ballot language to the director of the Arizona
22 legislative council. The director of the Arizona legislative council shall
23 review the proposed ballot language to determine whether the proposed ballot
24 language complies with this section. If the director of the Arizona
25 legislative council determines that the proposed ballot language does not
26 comply with this section, the director, within ten calendar days of the
27 receipt of the proposed ballot language, shall notify the school district of
28 the director's objections and the school district shall resubmit revised
29 ballot language to the director for approval.

30 6. No later than ten days before a class B bond election conducted
31 pursuant to this section, the school district shall mail a publicity pamphlet
32 to each household that contains a qualified elector in the school district.
33 The publicity pamphlet shall contain, at a minimum, the following
34 information:

35 (a) An executive summary of the school district's most recent capital
36 plan submitted to the school facilities board.

37 (b) A complete list of each proposed capital improvement that will be
38 funded with the proceeds of the bonds and a description of the proposed cost
39 of each improvement, including a separate aggregation of capital improvements
40 for administrative purposes as defined by the school facilities board.

41 (c) The tax rate associated with each of the proposed capital
42 improvements and the estimated cost of each capital improvement for the owner
43 of a single family home that is valued at one hundred thousand dollars.

44 I. For any election conducted to decide whether impact aid revenue
45 bonds shall be issued pursuant to this section:

1 1. The ballot shall include the following statement:

2 The capital improvements that are proposed to be funded
3 through this bond issuance are to exceed the state standards and
4 are in addition to monies provided by the state.

5 _____ school district is proposing to issue impact
6 aid revenue bonds totaling \$_____ to fund capital
7 improvements over and above those funded by the state. Under
8 the students first capital funding system, _____ school
9 district is entitled to state monies for building renewal, new
10 construction and renovation of school buildings in accordance
11 with state law.

12 2. The ballot shall contain the words "bond approval, yes" and "bond
13 approval, no", and the voter shall signify the voter's desired choice.

14 3. At least eighty-five days before the election, the school district
15 shall submit proposed ballot language to the director of the legislative
16 council. The director of the legislative council shall review the proposed
17 ballot language to determine whether the proposed ballot language complies
18 with this section. If the director of the legislative council determines
19 that the proposed ballot language does not comply with this section, the
20 director, within ten calendar days of the receipt of the proposed ballot
21 language, shall notify the school district of the director's objections and
22 the school district shall resubmit revised ballot language to the director
23 for approval.

24 4. No later than ten days before an impact aid revenue bond election
25 conducted pursuant to this section, the school district shall mail a
26 publicity pamphlet to each household that contains a qualified elector in the
27 school district. The publicity pamphlet shall contain, at a minimum, the
28 following information:

29 (a) An executive summary of the school district's most recent capital
30 plan submitted to the school facilities board.

31 (b) A complete list of each proposed capital improvement that will be
32 funded with the proceeds of the bonds and a description of the proposed cost
33 of each improvement, including a separate aggregation of capital improvements
34 for administrative purposes as defined by the school facilities board.

35 (c) A statement that impact aid revenue bonds will be fully funded by
36 aid that the school district receives from the federal government and do not
37 require a levy of taxes in the district.

38 (d) A statement that if the bonds are approved the first priority for
39 the impact aid will be to pay the debt service for the bonds and that other
40 uses of the monies are prohibited until the debt service obligation is met.

41 (e) A statement that if the impact aid revenue bonds are approved, the
42 school district shall not issue or sell class B bonds while the district has
43 existing indebtedness from impact aid revenue bonds, except for bonds issued
44 to refund any bonds issued by the board.

1 J. If the voters approve the issuance of school district class B bonds
2 or impact aid revenue bonds, the school district shall not use the bond
3 proceeds for any purposes other than the proposed capital improvements listed
4 in the publicity pamphlet, except that up to ten per cent of the bond
5 proceeds may be used for general capital expenses, including cost overruns of
6 proposed capital improvements.

7 K. Each school district that issues bonds under this section is
8 required to hold a public meeting each year between September 1 and October
9 31, until the bond proceeds are spent, at which an update of the progress of
10 capital improvements financed through bonding is discussed and at which the
11 public is permitted an opportunity to comment. At a minimum, the update
12 shall include a comparison of the current status and the original projections
13 on the construction of capital improvements, the costs of capital
14 improvements and the costs of capital improvements in progress or completed
15 since the prior meeting and the future capital bonding plans of the school
16 district. The school district shall include in the public meeting a
17 discussion of the school district's use of state capital aid and
18 voter-approved capital overrides in funding capital improvements, if any.

19 Sec. 2. Section 15-1021, Arizona Revised Statutes, is amended to read:

20 15-1021. Limitation on bonded indebtedness; limitation on
21 authorization and issuance of bonds

22 A. Until December 31, 1999, a school district may issue class A bonds
23 for the purposes specified in this section and chapter 4, article 5 of this
24 title to an amount in the aggregate, including the existing indebtedness, not
25 exceeding fifteen per cent of the taxable property used for secondary
26 property tax purposes, as determined pursuant to title 42, chapter 15,
27 article 1, within a school district as ascertained by the last property tax
28 assessment previous to issuing the bonds.

29 B. From and after December 31, 1998, a school district may issue class
30 B bonds for the purposes specified in this section and chapter 4, article 5
31 of this title to an amount in the aggregate, including the existing class B
32 indebtedness, not exceeding five per cent of the taxable property used for
33 secondary property tax purposes, as determined pursuant to title 42, chapter
34 15, article 1, within a school district as ascertained by the last assessment
35 of state and county taxes previous to issuing the bonds, or one thousand five
36 hundred dollars per student count as determined pursuant to section 15-902,
37 whichever amount is greater. A school district shall not issue class B bonds
38 until the proceeds of any class A bonds issued by the school district have
39 been obligated in contract. The total amount of class A and class B bonds
40 issued by a school district shall not exceed the debt limitations prescribed
41 in article IX, section 8, Constitution of Arizona.

42 C. Until December 31, 1999, a unified school district, as defined
43 under article IX, section 8.1, Constitution of Arizona, may issue class A
44 bonds for the purposes specified in this section and chapter 4, article 5 of
45 this title to an amount in the aggregate, including the existing

1 indebtedness, not exceeding thirty per cent of the taxable property used for
2 secondary property tax purposes, as determined pursuant to title 42, chapter
3 15, article 1, within a unified school district as ascertained by the last
4 property tax assessment previous to issuing the bonds.

5 D. From and after December 31, 1998, a unified school district, as
6 defined under article IX, section 8.1, Constitution of Arizona, may issue
7 class B bonds for the purposes specified in this section and chapter 4,
8 article 5 of this title to an amount in the aggregate, including the existing
9 class B indebtedness, not exceeding ten per cent of the taxable property used
10 for secondary tax purposes, as determined pursuant to title 42, chapter 15,
11 article 1, within a school district as ascertained by the last assessment of
12 state and county taxes previous to issuing the bonds, or one thousand five
13 hundred dollars per student count as determined pursuant to section 15-902,
14 whichever amount is greater. A unified school district shall not issue class
15 B bonds until the proceeds of any class A bonds issued by the unified school
16 district have been obligated in contract. The total amount of class A and
17 class B bonds issued by a unified school district shall not exceed the debt
18 limitations prescribed in article IX, section 8.1, Constitution of Arizona.

19 E. No bonds authorized to be issued by an election held after July 1,
20 1980 may be issued more than six years after the date of the election, except
21 that class A bonds shall not be issued after December 31, 1999.

22 F. Class A bond proceeds shall not be expended for items whose useful
23 life is less than the average life of the bonds issued, except that bond
24 proceeds shall not be expended for items whose useful life is less than five
25 years.

26 G. Except as provided in subsection H of this section, class B bond
27 proceeds shall not be expended for soft capital items, computer hardware, or
28 other items whose useful life is less than the average useful life of the
29 bonds issued, except that bond proceeds shall not be expended for items whose
30 useful life is less than five years. For the purposes of this subsection,
31 "computer hardware" means an electronic device with an integrated circuit
32 that performs logic, arithmetic or memory functions by the manipulations of
33 electronic or magnetic impulses and includes all input, output, processing,
34 storage, software or communication facilities that are connected or related
35 to such a device in a system or network.

36 H. Class B bond proceeds for a ~~new~~ facility at ~~the main~~ A campus of
37 OWNED OR OPERATED AND MAINTAINED BY a joint technological education district
38 may be expended for soft capital items, computer hardware, furniture or other
39 equipment, except that no bonds may be issued for these purposes for a
40 duration of more than five years. The total amount of bonds that a joint
41 technological education district may issue pursuant to this subsection shall
42 not exceed thirty per cent of the cost of the ~~new~~ school facility, including
43 monies received for the ~~new~~ school facility pursuant to this section. A
44 JOINT TECHNOLOGICAL EDUCATION DISTRICT MAY SPEND CLASS B BOND PROCEEDS TO
45 FUND CAPITAL IMPROVEMENTS AT A CAMPUS OWNED, OPERATED AND MAINTAINED BY THE

1 JOINT TECHNOLOGICAL EDUCATION DISTRICT OR FOR CAPITAL IMPROVEMENTS TO A
2 CAMPUS OR A FACILITY THAT IS IN A SCHOOL DISTRICT THAT IS PART OF THE JOINT
3 TECHNOLOGICAL EDUCATION DISTRICT AND THAT IS LOCATED ON FEDERAL LAND OR LAND
4 LEASED FROM A TRIBAL GOVERNMENT.

5 I. Notwithstanding subsections F and G of this section, bond proceeds
6 may be expended for purchasing pupil transportation vehicles.

7 J. A school district shall not authorize, issue or sell bonds pursuant
8 to this section if the school district has any existing indebtedness from
9 impact aid revenue bonds pursuant to chapter 16, article 8 of this title,
10 except for bonds issued to refund any bonds issued by the governing board.